

MINUTES OF MEETING

AGENDA: ISSUES RELATED TO FREIGHT PAYMENT BY EXPORTERS TO SHIPPING LINERS

Date: 24th September 2019 **Venue:** State Bank of India, Corporate Centre, State Bank Bhawan, 10th Floor, Madame Cama Road, Nariman Point-400021.

At the outset, CGM, IBG, welcomed all the participants and requested for an acceptable solution. The meeting was then co-chaired by Mr. H D Rathi and Mr. Rupak Kumar Majumdar and was attended by the following officers / representatives:

Name	Organization / Designation
1) Mr. H D Rathi	SBI / DGM, IBG
2) Mr. Rupak Kr Majumdar	SBI / CM, IBG
3) Mr. Anand Kumar	SBI / AGM, Global Markets
4) Mr. Jose Chalisserye	Technnocrat Group / Dy. GM
5) Mr. Prashant Seth	FIEO / Director
6) Mr. Rishi Kant Tiwari	FIEO / Dy. Director
7) Mr. Lalit Tiwari	Maersk / Finance Controller
8) Mr. Piyush Pandey	Maersk / Finance Focal
9) Ms. Trupti Kunder	PIL / Sr. Manager Finance
10)Mr. Aniruddha Aradhye	Portall / Sr. Business Analyst
11)Mr. VBSV Rao	Mumbai Port Trust / Jt. Director
12)Mr. Rajesh Salian	KMTC / AGM Finance
13)Mr. Mihir Nagda	CMA CGM APL/ Finance Controller
14)Mr. Rajiv Jethi	CMA CGM APL/ Group CFO
15)Mr. Sunil Vaswani	CSLA/Executive Director
16)Ms. Bindu Sharma	Hapag Llyod/ Director Finance
17)Mr. Atul Amin	MSC/ Sr. Account Manager

2. Following issues were discussed, and decisions taken in the meeting:

- The SOP prepared by SBI (which has been already shared before the meeting) was discussed and deliberated upon.
- The representative from APL and CSLA highlighted that not only freight payment is billed in USD but there are other ancillary charges / tariffs which also needs to be billed in USD like detention charges. Other charges can be billed in INR.
- It was requested that CSLA to share the details of charges bifurcating into billed in USD / billed in INR.
- The participants agreed that the GST part mentioned in the SOP need not be discussed as there are no issues involved.
- Regarding different conversions rates / Bank's card rate on the same day of invoicing, it was mentioned the current regulations permit the Banks to decide the card rate depending on their cost of treasury operations.

- Regarding the exchange conversion rate in the range of at least 200-300 paise more than the Bank's card rate, the shipping liners mentioned that this was due to several factors, major being the cost of credit line provided to the exporters for as long as 60 days. However, it varies across the industry.
- **It was highlighted that payment through EEFC account directly to the Foreign currency accounts of the ship liners or to the agents in India is the best solution which eliminates the issue totally.**
- However, documentation issues like filing of mandatory Form 15 CA/CB is an impediment to payments in foreign currencies instead of INR.
- SBI stated that they will take with the Ministry for inclusion of freight payment in the list of exempted categories as per Rule 37BB, so that filing of Form 15 CA/CB is not required.
- The Ship liners also suggested that they can issue B/L only after sighting payment in their accounts and sharing acknowledged copy of SWIFT message may not fully serve the purpose.
- The exporter present stated that it takes max. 3-4 hours for the payment to get reflected in the foreign currency accounts maintained in India. However, ship liners suggested that there are instances when the credit is effected beyond a day.
- SBI stated that these are exceptions and in general payment can be sighted in max. 24 hours. Delayed sighting of payments can occur if the remittance is made in accounts in offshore locations.
- It was suggested that for small exporters who routes the payment through Freight Forwarders or currently don't have EEFC accounts, they need to be made aware of making payments through EEFC accounts / making direct payment to the Ship Liners.
- It was also suggested by ship liners that for payments in foreign currencies, the exporters to intimate in advance.
- For freight forwarders, it was mentioned by SBI that to avoid loss of country's valuable foreign exchange, they should raise the equivalent amount of invoice in USD on the exporters as is raised by Ship liners or forward the same invoice received from the ship liners. For other charges / margin, the FF's to raise invoice in INR only.
- FIEO requested the ship liners to share the details of few of exporters who make payment directly in foreign currencies.
- The Port representative stated that they are currently developing a "National Single Window System" to address the issues. However, its in a nascent stage and processes have to be standardized across all parties.

4. The meeting concluded with a decision that SBI to circulate the revised SOP along the lines discussed among all the stakeholders. The participants would then discuss internally with their Team and revert for changes / suggestions, if any. After acceptance / concurrence, SBI would conduct UAT's on a sample basis to plug out issues, if any in the entire process.